



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

214 O'Neill HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

January 24, 2002

The \$40 Billion Supplemental: An Update

In the aftermath of September 11, Congress passed the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States, P.L. 107-38. This supplemental provided for \$40 billion, allowing the Bush Administration broad discretion to spend the first \$20 billion as it saw fit, with minimal reporting requirements, and requiring that the Administration specifically request the second \$20 billion and that Congress pass a bill reported by the Committee on Appropriations. In December, Congress appropriated this second \$20 billion in a supplemental attached to the fiscal year 2002

Department of Defense (DOD) appropriations bill. This bill differed from the Administration's request by providing less for DOD and more for New York and other affected communities.

In brief, \$40 billion is divided as follows:

- \$17.5 billion for the Department of Defense (DOD);
- \$6.6 billion for the Federal Emergency Management Agency (FEMA); and
- \$15.9 billion for other agencies.

The law stipulated that “not less than one-half of the \$40,000,000,000 shall be for disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania...” However, according to the House Appropriations Committee and the Bush

How New York Fares

Released	\$3.0 billion
Appropriated	<u>\$8.2 billion</u>
	\$11.2 billion

Administration, these affected communities will receive only \$11.2 billion from the \$40 billion emergency funding: they received approximately \$3 billion from the first \$20 billion and another \$8.2 billion from the appropriated \$20 billion. The Administration pledges that New York and the other affected communities will receive the remainder of the promised \$20 billion through other legislation.

\$40 Billion By Agency

Defense	\$17.5 billion
FEMA	\$6.6 billion
HHS	\$2.9 billion
HUD	\$2.7 billion
Justice Department	\$2.2 billion
State Department	\$1.2 billion
FAA	\$1.2 billion
Other Agencies	\$5.6 billion

\$10 Billion, Immediate Release

\$10.0 billion released

P.L. 107-38 gave the President authority to release \$10 billion immediately. The Administration allocated all but about \$300 million of this funding in seven different releases from September 21 to November 30. More than two thirds —\$6.9 billion —was released before the end of September. Of this \$10 billion, \$5.9 billion went to DOD and \$2.0 billion went to FEMA for disaster assistance efforts in New York and other affected jurisdictions.

\$10 Billion Immediate Release	
DOD	5.9 billion
FEMA	2.0 billion
Other	2.1 billion

The Administration's most recent release was \$669 million on November 30. DOD received \$345 million to increase situational awareness and improve command and control. A total of \$290 million went to improve security measures for the Legislative Branch, including construction of a Capitol Visitors Center, overtime pay for Capitol Police, and preventative action against future terrorist events.

A provision in the legislation providing the second \$20 billion directed that the remaining \$300 million be used to build hardened command centers at the Pentagon.

\$10 Billion, 15-Day Review and Release

\$10.0 billion released

P.L. 107-38 required the Administration to hold the second \$10 billion for 15 days after submitting a spending plan to Congress. The Administration released all this funding between October 22 and November 9. The vast majority of it —\$8.1 billion —went to DOD to increase situational awareness, enhance force protection, improve command and control, provide initial crisis response, repair the Pentagon, provide airport security, and fight terrorism. The Administration released \$700 million to the Community Development Block Grant (CDBG) program for New York City businesses affected by the terrorist attacks on the World Trade Center and to assist in the city's economic recovery.

\$10 Billion 15-Day Release	
DOD	\$8.1 billion
CDBG	\$700 million
Other	\$1.2 billion

\$20 Billion, New Legislation Required

\$20 billion appropriated

On October 17, the Administration sent its request to Congress for the \$20 billion of the emergency supplemental that became available only after Congress appropriated it in separate legislation. The request included \$7.3 billion for DOD, \$5.5 billion for FEMA, \$2.0 billion for the Department of Labor's National Emergency Grants, \$1.6 billion for the Department of

Health and Human Services’ Public Health and Social Services Emergency Fund, \$1.1 billion for the Department of Justice, and \$2.4 billion for various other agencies. The Administration classified the \$20 billion as including \$7 billion for fighting terrorism, \$6.3 billion for recovery efforts in New York, and \$6.9 billion for disaster response elsewhere and homeland security.

\$20 Billion Appropriated

FEMA	\$4.6 billion
DOD	\$3.5 billion
HHS	\$2.8 billion
Justice	\$2.1 billion
HUD	\$2.0 billion
FAA	\$534 million
Other	\$4.5 billion

On December 20, Congress passed the 2002 DOD appropriations, which included a \$20 billion supplemental that President Bush signed into law on January 10, 2002. The Appropriations Committee described the funding as providing \$8.2 billion for areas affected by the terrorist attacks and \$8.3 billion for homeland security.

The supplemental differed from the Administration request in providing only \$3.5 billion for defense —less than half the Administration’ s request —and providing more for recovery efforts and homeland security, such as public health, anti-terrorism activities, and public safety. Specifically, the bill provided \$4.6 billion for FEMA, \$2.0 billion for economic development in New York City through HUD’ s CDBG program, \$2.5 billion for public health and bio-terrorism activities, \$2.1 billion for the Department of Justice (which includes \$745 million for FBI counter terrorism efforts, \$549 million for the Immigration and Naturalization Service, and \$400 million for the Customs Service), and \$500 million for the U.S. Postal Service.